

## Farmers Market and Food Service Concepts

The six neighborhood public markets that are operated by the City of Baltimore are described here to provide an example of types of physical and budgetary requirements that might be associated with a farmers market in Essex. These are all enclosed historic markets, dating back to 1765. All six are managed by the Municipal Markets Administration under the Mayor's Office, with funds provided through the City's General Fund. A seventh municipal market, the Lexington Market, is much larger than these six neighborhood markets and is managed separately. It will be noted that food services -- particularly "fast foods" -- make up a significant portion of the tenants in the markets; these will be given special attention below.

### Characteristics of Neighborhood Markets

The intended purpose of the markets, in addition to preserving an historic institution for the city, is to provide a market place for basic food staples at reasonable prices for the produce. The markets range in size from 13,500 square feet to 39,000 square feet, with 16 to 29 vendors when surveyed in 1989. The characteristics of the individual markets are given in Table 2. The table shows that of the total of 160,000 square feet of gross space in the six markets, only 70,700 (or 44 percent) is actually in vendor stall space; the remainder is in common area. Stall space varies

from 35 percent to 60 percent of total space in the individual markets. Average size of stalls for all six markets is 436 square feet per stall. Again, there is quite a bit of variation in average stall sizes for the individual markets: from 373 square feet at the Hollins Market to 522 square feet at the Cross Street Market.

Table 2. CHARACTERISTICS OF BALTIMORE CITY MARKETS, BALTIMORE, MARYLAND  
WINTER, 1988/1989

<u>Market</u>	<u>Total Space</u> (sq. ft.)	<u>Number of</u> <u>Retail Vendors</u>	<u>Total Retail</u> <u>Vendor Space</u> (sq. ft.)	<u>Percent of</u> <u>Total Space</u>	<u>Average</u> <u>Stall Size</u> (sq. ft.)
Belair	29,400	29	13,200	44.9%	455
Broadway	13,500	16	6,070	45.0%	379
Cross Street	27,775	32	16,700	60.1%	522
Hollins	19,500	26	9,700	49.7%	373
Lafayette	31,000	29	10,700	34.5%	369
Northeast	39,000	30	14,315	36.7%	477
Total	160,175	162	70,685	44.1%	436

Source: Baltimore Municipal Markets Administration and RPR Economic Consultants.

### Market Administration and Budget

The Municipal Markets Administration has an operating budget of \$1.7 million, plus \$170,000 in debt service resulting from a program of market renovations (funded by bond issue). There are six market managers, who share duties in pairs for two markets each. For each market there is a team of custodians (average of three persons) and two maintenance crews (day and night crews). The administration is headed by a director, with two assistant directors, an administrative assistant and an accountant.

Revenues come solely from square footage rents for stalls, with one year being the lease term. Until this year rents were \$0.74 per square foot per month (\$8.88 per year). In 1989 these were raised to \$0.79 per square foot per month (\$9.48 per year), plus common area fees (CAF) of \$0.06 to \$0.09 per square foot per month. These revenues are sufficient to cover only about 44 percent of the operating expenses at the markets, meaning a subsidy from the City General Fund of the remaining 56 percent. Table 3 presents a revenue and expense history for the Administration for the fiscal years 1983 through 1988, with revenues and expenses for the individual markets for 1988. In 1988 the deficits, or operating subsidies, for the individual markets ranged from \$81,000 to \$239,000; on a net square foot basis (leased stalls), these deficits corresponded to losses of \$5.66 to \$19.10 per square foot per year.

Table 3. REVENUE AND EXPENSE TRENDS FOR BALTIMORE CITY  
MARKETS, TOTAL AND BY INDIVIDUAL MARKETS FOR  
1988, CITY OF BALTIMORE, FISCAL YEARS 1983-1988

	<u>Revenues</u>	<u>Expenses</u>	<u>Deficit</u>
<u>Operations By Fiscal Year</u>			
1983	\$497,709	\$879,368	(\$381,659)
1984	\$491,697	\$948,042	(\$456,345)
1985	\$480,208	\$1,172,390	(\$692,182)
1986	\$578,559	\$1,256,279	(\$677,720)
1987	\$616,057	\$1,336,164	(\$720,107)
1988	\$680,989	\$1,535,035	(\$854,046)
<u>FY 1988 By Market</u>			
Belair	\$119,971	\$359,279	(\$239,308)
Broadway	72,030	168,195	( 96,165)
Cross Street	152,753	304,544	( 151,791)
Hollins	80,795	162,216	( 81,421)
Lafayette	104,340	308,665	( 204,325)
Northeast	<u>151,100</u>	<u>232,136</u>	<u>( 81,036)</u>
Total Operations	\$680,989	\$1,535,035	(\$854,046)
Debt Service	<u>--</u>	<u>170,000</u>	<u>(\$170,000)</u>
Total	\$680,989	\$1,705,035	(\$1,024,046)

Source: Baltimore Municipal Markets  
Administration and RPR Economic  
Consultants.

Food Services and Other Issues

The Municipal Markets Administration fears that the proliferation of fast food establishments will undermine the stated objective of providing space for vendors of staple products. A tabulation of tenants in the six markets indicates that fully 28 percent of the vendors are delis, restaurants and fast food specialties stands (see Table 4). Another 7.4 percent are dry goods merchants; this means that over one-third of the vendors are selling products the Administration wishes to discourage, and

in the future the types of goods sold will be much more tightly controlled in the markets. The remaining -- and desired -- tenants offer a varied mix of food staples, bakery products, and specialty foods.

By comparison, a food market in Essex might intentionally encourage the development of fast food services and other non-food vendors. If these are not linked to incubator tenants or career center trainees, however, it may be desirable encourage such vendors to occupy near-by commercial space at market rates, if this could be accomplished. There remain the questions of how to physically accommodate the market near the incubator, and, even more importantly, how to eliminate the types of deficits evidenced in the Baltimore municipal markets. It is believed that available upper floor space in the building to house the incubator would be appropriate for eateries and other shops. Lower floor space, or new mezzanine space, could be appropriate for produce and meat/seafood/poultry shops with proper fittings.

Table 4. TYPES OF VENDORS IN SIX BALTIMORE MUNICIPAL MARKETS, 1989

<u>Type of Vendor</u>	<u>Number</u>	<u>Percent</u>	<u>Average Number Per Market</u>
Seafood	13	8.0	2.2
Meat	25	15.4	4.2
Poultry/Dairy	9	5.6	1.5
Produce	20	12.4	3.3
Bakery	17	10.5	2.8
Groceries	7	4.3	1.2
Specialty Foods	14	8.6	2.3
Deli/Restaurant	45	27.8	7.5
Dry Goods	<u>12</u>	<u>7.4</u>	<u>2.0</u>
Total	162	100.0%	27.0

Source: RPR Economic Consultants, and  
Baltimore Municipal Markets  
Administration.

It would appear that the source of the deficits at the Baltimore City markets derives from the public sector's assumption of a large share of the costs of maintenance and utilities -- perhaps to ensure meeting health and cleanliness standards for food handling -- certainly much more than vendors support through rent. A breakdown of the Administration budget reveals the sources of the \$24.00 in operating expenses it incurs per square foot of stall space:

<u>Budgeted Items</u>	<u>Budget</u>	<u>Per S.F.</u>
Personnel	\$700,000	\$9.90
Gas & Electric	400,000	5.65
Trash Collection	300,000	4.25
Bldg. Maintenance	150,000	2.10
Supplies, Other	<u>150,000</u>	<u>2.10</u>
Total	\$1,700,000	\$24.00
Rent, CAF	<u>-730,000</u>	<u>-10.30</u>
Subsidy	\$ 970,000	\$13.70

To eliminate the deficit (subsidy) would require the equivalent of passing through most of the utilities and trash removal, and reducing personnel by 50 percent. The resultant \$10.00 rents per square foot per year for stall space translate to roughly \$5.00 per square foot in gross space (including common area, at 50 percent), or about the rents now predominating in the CBD.

#### Summary of the Concept

It should be evident from this discussion that a revised revitalization strategy is being proposed for the Essex CBD. This strategy essentially abandons the highly landscaped retail village concept, to be replaced with a broader multi-service concept. In this concept it is hoped

that a stronger bridge can be established between the commercial sector and public offices and facilities in Essex, with the planned incubator as the key link among these. To summarize the key points of the strategy:

- o The physical improvements program underway in the CBD core needs to be completed and the program extended to adjacent areas. This includes: continuation with facade improvements to private structures throughout the CBD; equal streetscape treatment for the 500 block of Eastern Avenue west of Margaret Avenue, and down side streets (such as Taylor and Margaret Avenue) south of Eastern; improvements and landscaping to parking lots, such as the lot behind 509 Eastern Avenue; extension of the program to Eastern Avenue westward to Back River; improvements to the "cube" and the gateway vicinity; and the implementation of specific public projects, such as the pocket park at the Delia Motors site in the 500 block. Individual sites will be targeted in Section IV.
- o Baltimore County and EDCO should proceed with the design and implementation of a joint incubator-retail outlet facility in an appropriate form, to include linked industries, shops, eateries, and/or farmers market, as appropriate. This will entail consideration of the space needs of other shops, and the access needs of the public, in acquiring and improving the incubator structure in the 500 block. The discussion above provided detail on farmers markets.
- o The emphasis for assistance to other commercial businesses in the CBD core should gradually shift from physical improvements to business development. For existing firms, this would include marketing, business management, inventory and display, and CBD-wide promotion and coordination. More active participation from local firms is going to be critical if such efforts are to be successful. In the next section, policy recommendations are set forth for different business development activities.



- o Responsibility should be designated to an appropriate body for finding tenants for vacant space that can improve the retail mix in the CBD. While it is suggested that the role of retail in the revitalization concept for Essex be scaled back, it is still critical that uses be found for existing vacant or underutilized space if the CBD is to be upgraded. Market potential should exist to support these uses if an environment can be established where they can prosper. Office space should be in demand, but much of the vacant inventory in Essex is not truly competitive. To a greater extent than retail, office development in the CBD will require some new construction or major rehab. Opportunity sites for rehab or new construction are identified in succeeding paragraphs.
- o A large stumbling block in implementing the physical improvements program in Essex, and one that will also negatively impact business development activities, is the lack of involvement of area financial institutions in revitalization. Federal policy emphasizes lending by financial institutions within their communities. Banks should also profit by investing in the communities they serve. Ways of encouraging this involvement by local lenders are discussed in the policies section to follow.